

dose of bad news about the state of the economy. Whether it is more joblessness, threats from ratings agencies, the price of gasoline, goods and housing, or a slowdown in manufacturing, people are finding very little reason for optimism, and they are getting little comfort from an administration that seems more interested in deflecting the bad news than facing up to it. Amidst the onslaught of bad news last week, President Obama's message was that we had hit some bumps in the road—we had hit some bumps in the road—and that people need to be patient in the face of what he called economic "headwinds." He even joked about the wildly mistaken predictions he and others at the White House had made a few years back about the job-creating potential of the stimulus.

Well, I don't think the 14 million Americans who are looking for jobs right now find any of this very funny. I don't think the 23 percent of Americans who now owe more on their mortgages than their homes are worth are laughing about their predicament. I don't think recent college graduates, who are burdened with tens of thousands of dollars in student loan debt and who can't find a job, are amused that the stimulus turned out to be a failure.

In fact, I think Americans are deeply troubled by the fact that an administration which claims to be concerned about creating jobs has spent the better part of the past 2½ years—the better part of the last 2½ years—pushing policies that seem as though they were designed to destroy jobs instead. Indeed, I think there is a growing consensus out there that, far from improving the economy, the President has made it worse.

The facts speak for themselves. The day the President took office, 12 million Americans were out of work. Today, nearly 14 million Americans are out of work. That is a 17-percent increase in the unemployment rate under President Obama. So employment is clearly worse.

Gas prices have nearly doubled. When the President came into office, the average price of a gallon of gas in the country was \$1.85. Today, it is \$3.69. So gas prices have gotten worse.

The national debt has reached crisis levels. In the last 2 years, the debt has gone from \$10.6 trillion to \$14.3 trillion—a 35-percent increase from when the President was sworn into office. And his own budget projects it will only continue to grow. So the debt is far worse.

Health insurance premiums have gone up. For more than a year, the President devoted what seemed like every waking moment to a health care proposal that he said would lower health insurance premiums by as much as \$2,500. Instead, health premiums for working families continue to rise, and the nonpartisan Congressional Budget Office says they will continue to grow by as much as \$2,100 per year. So health insurance costs have gotten worse.

Home values continue to plummet too. In my State of Kentucky, home prices have fallen about 7 percent in the last year, while new home construction is down almost 15 percent. I have constituents with excellent credit telling me they can't get a mortgage because of new lending rules that have made it hard even for people who have worked for years and built a stellar credit rating to even get a loan. Nationally, home values have gone down 12 percent since Inauguration Day. So home values have gotten worse too, driving down the equity people have built over many years.

When it comes to policy, the President is fond of dividing the world into two camps. In his view, those who disagree with him are on the wrong side of history. Those who agree are on the right side. Well, at this point, I think most Americans agree if this is the right side of history, they are not interested; they would rather have their jobs back.

At this point, I think it is safe to say the patience of the American people has run out. Administration officials made a lot of promises of a brighter future. They have had their chance to deliver. Americans don't have infinite patience. They do not want to be told to wait a little longer when all the evidence shows that their circumstances and their prospects are only getting worse. They want a change in direction.

One of the liberal think tanks in town recently issued a press release that I think embodies the disconnect between Democrats in Washington and the experience of most people outside of Washington. In the face of all the bad economic news we have been getting, this particular think tank announced it had 10 charts which purported to show that, contrary to the claims of some, the United States is actually a low-tax country.

Never mind the fact that we have the second highest corporate tax rate in the world; never mind the fact that nearly 14 million Americans are out of work; never mind the fact that the time it takes out-of-work Americans to find a new job is now longer than it was during the Great Depression—and that since the housing crisis began, average home values have fallen more dramatically than they did even during the Great Depression. Never mind all that. These guys have 10 charts they want to show you that prove government should take more money out of the hands of taxpayers so they can spend it themselves.

I think this is all you need to know about the Democratic approach to the economy. It never seems to change. Take almost any major economic indicator you want, Americans are worse off than they were in 2009. It is time Democrats wake up to this fact. It is time they do something to solve these problems and help the people right in front of them.

Mr. President, I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will be in a period of morning business until 2 p.m., with Senators permitted to speak for up to 10 minutes each, with the first hour equally divided and controlled between the two leaders or their designees, with the Republicans controlling the first 30 minutes and the majority controlling the next 30 minutes.

Mr. McCONNELL. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THUNE. Mr. President, I ask unanimous consent that the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

BUDGET REFORM

Mr. THUNE. Mr. President, these past few weeks I have been coming to the floor to talk about the size and scope of our Nation's fiscal problems. It has been said often that this is the most predictable crisis we have ever faced, and I believe that is true.

I have talked about how the tremendous growth of government has limited the ability of small businesses to create jobs. I have noted the severe and dramatic cuts Medicare and Medicaid and Social Security will face if we do not act now to reform those programs. I have also pointed out how the Draconian cuts would need to be paired with painful, job-crushing tax hikes.

Simultaneously, the interest we pay on that debt will take up an ever-increasing share of our revenue. In fact, it has already been noted that in a few short years the interest on the debt alone would exceed the amount we spend on national security. In other words, we would spend more paying for the amount of money we borrow in the form of interest than we spend defending the country. At some point, bondholders are going to recognize that we don't have an ability to pay out these bonds, and they will demand increasingly higher interest rates. This in turn sends our interest rates even higher in a vicious spiral.

However, what I would like to focus on today is to talk about how none of this is necessary. So how do we prevent this from happening? I believe the solutions we need fall into three broad categories: We need reforms to our budget processes, and that includes, one, a balanced budget amendment to the Constitution; we need caps on overall and discretionary spending; and we need entitlement reform.

In the 1990s, the Senate was within just one vote of passing a balanced budget amendment to the Constitution. I can't help but think just how different our country's fiscal situation would be if that amendment had been approved.

We now have two different balanced budget amendment proposals put forward this year. I cosponsored both of them. I had the opportunity to lead a working group of my fellow Republican Senators to discuss these proposals and to help find the best parts of each. From those discussions and others, we were able to come together with the Hatch-Lee balanced budget amendment, of which every single member of the Republican conference is a cosponsor. This important amendment requires the budget to be balanced every year, except for when there is a declared war. A supermajority would be required to waive this provision. This amendment puts the emphasis on controlling spending, which is the real cause of our debt and deficits. It requires supermajorities to raise taxes, and it prevents spending from exceeding 18 percent of our GDP, 18 percent of our entire national output, which has been the historical level of taxation for our country.

Not only do we need to balance our budget but we need to ensure that every dollar is being spent in the most efficient way possible. We need to be honest about the cost of this spending and to create processes that will prevent wasteful, unnecessary, and excessive spending. In order to do this, we need a number of budget reforms in addition to the balanced budget amendment.

I have introduced the Deficit Reduction and Budget Reform Act, which has a number of reforms to the budget process we use today.

The bill reforms the pay-go rules to prevent the double-counting gimmicks that get used around here all too frequently, and it makes the Federal budget a binding joint resolution signed into law by the President—something that doesn't happen today with our budget.

It moves us into a biennial budget timeline, which leaves more time for oversight. As everybody knows, we are supposed to do a budget at least every year. We haven't done one now for 777 days. So the notion that we do a budget every year may be somewhat antiquated one, but we are supposed to do a budget every single year. Because of that, we spend an awful lot of time going through the budget process, doing all the appropriations bills, and it doesn't allow very much time for oversight, which is a function that I think we have a responsibility to do. So if we went to a biennial budget—in other words, if we did a budget every other year—if we did the spending, the budget, and the appropriations bills in the odd-numbered years, then in the even-numbered years when people have to go home to run for reelection, we

could actually focus on oversight. We could look for ways not to spend money but to save money.

I have been a big advocate of biennial budgeting—doing a budget every other year, 2-year budgeting—for some time. A number of States do it that way. I think it is important we make that reform so we have the appropriate time to do the level of oversight that is required and is so desperately missing around here today, which is why we end up having so many government agencies with so much duplication, so much redundancy, and so much overlap that leads to wasteful spending on behalf of the American taxpayers.

My budget reform would also create a legislative line-item veto. My Governor in South Dakota has that, and I believe the President should too. In fact, I think most Governors across this country have some sort of mechanism that allows them to veto extraneous spending measures. I believe the President ought to have that power, and it needs to be done in a way, of course, that is consistent with the Constitution, and a legislative line-item veto would meet that test. It prevents the abuse of emergency spending designations which have been used to pass hundreds of billions of dollars in deficit spending since the last time we passed a budget resolution.

It creates a new CLASS Act trigger to make sure that program is solvent over the 75-year timeframe.

I think most of my colleagues know that the CLASS Act is a new long-term care entitlement program that was enacted as part of the health care reform bill last year. It, similar to so many other government programs, relies upon premiums that will be paid in the early years, which actually show revenues coming into the Treasury which are then counted and used to pay for other things—in this case, the health care bill. But at some point in the future, when the demands come for those benefits that people have subscribed for, it becomes a liability because the funds, the revenues that have come into that program in the early years have already been spent. Again, it leads to more and more borrowing. That is what the Congressional Budget Office has said would happen with the CLASS Act.

To make sure that program is going to stay on the books—and, by the way, I have a piece of legislation to repeal it because I think it is very bad policy and I think it is going to put our country into an even deeper fiscal hole. But that being said, if it is going to stay on the books, we ought to have a mechanism to ensure the program is solvent over the 75-year timeframe. My legislation would do that.

Likewise, it modifies the Medicare cost containment trigger to have honest accounting with respect to revenues and savings in the new health care bill, and it updates the Credit Reform Act to score the purchases of debt, stock, equity, and capital using a

discount rate that incorporates market risk. Whenever the Government gets into the business of acquiring debt, stock equity, those sorts of things—and that hasn't happened, as you know, in the last few years—it needs to be accounted for honestly by using real discount rates that make market risk part of that calculation. Today, that is not necessarily the case when those calculations are made.

It also creates a new standing joint committee of Congress for budget deficit reduction. It might interest my colleagues to know—sometimes we forget about this around here—we have 26 committees and subcommittees in Congress that spend tax dollars. We do not have one that focuses on saving tax dollars. We need a committee that is exclusively committed to reducing the cost of spending, to saving tax dollars as opposed to spending them. With 26 committees and subcommittees around here that spend money, it is time we had one to save money.

The joint committee would be responsible to produce a bill to cut the deficit by at least 10 percent every budget cycle and to do it without raising taxes. It would be a standing committee that would continue to fight government spending, would even issue recommendations to cut spending by at least 10 percent, even in years when the budget is balanced. It has been a long time since we have seen that around here. That probably is not going to happen in the foreseeable future. I certainly hope it does. But in any case, my legislation would require, even in years when the budget is balanced, that we be looking for ways to cut spending.

Importantly, these recommendations would be assured of an up-or-down vote in Congress. This committee would make its recommendation each year, and my legislation would require expedited consideration on the Senate floor; in other words, to ensure it gets an up-or-down vote and doesn't languish somewhere similar to so many reports that come out of various committees. This committee would actually have the authority to put a product out on the floor of the Senate and to ensure it gets a vote.

Finally, what my bill would do is freeze and cap spending, the third action we need to take in order to get spending under control. This bill would institute a 10-year spending freeze at 2008 levels adjusted for inflation. After all, between 2008 and 2010, nondefense discretionary spending increased by 24 percent while inflation in the overall economy was just over 2 percent. The Federal Government, in the last couple years, between 2008 and 2010, was spending literally over 10 times the rate of inflation. How can you go to the American taxpayer with a straight face and explain that? We need to go back to those 2008 levels and freeze it there, cap it there, and then allow for adjustments for inflation. But let's go back and negate this 24-percent increase we have seen just in the last couple years.

The recent continuing resolution that was passed by Congress started to put downward pressure on these accounts, but more needs to be done. My colleagues, Senators CORKER and MCCASKILL, have introduced what they call the CAP Act, which would put our spending on a downward glidepath so we do not spend more than our historical average of 20.6 percent of GDP. For the last 40 years, spending on the Federal Government has averaged 10.6 percent of our total economy. That represents all Federal spending. It doesn't represent State and local government spending, but Federal spending, percentage-wise, on average, for the past 40 years has equaled 20.6 percent of our entire economic output.

This year we are in the 24- to 25-percent range. Now we have gone from spending one-fifth of our entire economy on the Federal Government to spending about one-quarter of our entire economy on the Government. That, to me, is something that needs to be reined in. There has been a huge ramp-up of spending in terms of our economy.

What that means is, the private economy, as a percentage of our entire economy, is getting smaller and the government component of that is getting larger. We need to get that back on a more historical and what should be a realistic course.

There are at least three different possible proposals to cap spending: the 18 percent included in the constitutional amendment, the CAP Act, which I just mentioned, and my own proposal to cap discretionary spending. These caps are necessary to signal to the markets we are serious about cutting spending.

Finally, we need entitlement reform. The CAP Act and the 18-percent cap would both force us to deal with entitlements. I am heartened by the budget working group that is being led by Vice President BIDEN, in that they are considering some entitlement reforms. I hope they can produce a product that actually will tackle entitlements. We need, at the end of the day, to have the President leading. As I said, I hope this group that has been put together will produce a result that will take us down a path toward tackling runaway entitlement programs.

At the end of the day, for any of this to be signed or get enacted, we have to have the President stepping in and providing leadership. So far we have not seen that. The President, in his budget he submitted to Congress and a subsequent budget speech he made, has done little, if anything, to deal with the issue of entitlement reform.

Frankly, you cannot deal with the fiscal problems this country faces, the challenges we face or the deep hole we are in when it comes to getting on a more sustainable course for the future without taking on entitlement reform. The President needs to be explaining to Americans the need for entitlement reform and showing us what his plan is to save Social Security, Medicare and

Medicaid, not simply getting out and demagoguing Chairman RYAN's budget and kicking the can further down the road.

We know these entitlements already represent \$61.6 trillion in unfunded liabilities. There is no more road. We have kicked the can as far as possible. It is now time for us to face the reality that we have to deal with this and we cannot afford the luxury of waiting any longer.

It is clear that action needs to be taken. If the President were to step to the plate, I think we would have a real chance to enact substantial entitlement reforms that could preserve the important role these programs play.

Enacting these three different prongs or these three different approaches—one dealing with budget reforms that includes a balanced budget amendment being the first component, spending caps being the second component on both discretionary and overall spending, and entitlement reform—are not going to be easy to do. We have been on autopilot around here for a long time. What that has gotten us is deeper and deeper into the fiscal hole, to the point today we are at \$14 trillion in debt—meaning we are going to have to raise the debt limit in the very near future—and growing by the day. The amount it grows by the day, interestingly, is \$4 billion. Between this time and 10:40 tomorrow, we will borrow another \$4 billion that we will add to the debt of our children. That represents more than we spend in my home State of South Dakota for an entire year; \$4 billion, the amount we borrow every single day at the Federal level exceeds the amount the State of South Dakota spends in an entire year. That is the dimension of the problem we were dealing with.

There are three very important numbers people need to focus on to remind ourselves how critical it is that we act. One is forty-two. That is the cents out of every \$1 we borrow. Forty-two cents out of every \$1 this government spends today is borrowed. That is a staggering statistic. The other number is 93. Ninety-three is the number now that represents the percentage of our entire economic output that is represented by our gross debt. In other words, our debt to GDP, our debt to total economic output ratio is 93 percent. That is the danger zone. Historical research has demonstrated, when you get a debt-to-GDP ratio that exceeds 90 percent, you are losing 1 percentage point of economic growth every single year. One percentage point of economic growth translates into 1 million lost jobs. So every year we continue on this path of sustaining this level of debt as a percentage of our entire economic output, we are bleeding 1 million jobs in our economy, costing us 1 percentage point of economic growth. That is a very real and immediate impact from the amount of spending and the amount of debt we have.

The final number I think is important for people to understand too, a

number I mentioned earlier, is the 777 number. That is the number of days that have passed since Congress passed a budget. I know it is very hard around here, particularly in the present circumstances, to find consensus on a path forward to pass a budget. But we have a responsibility to the American taxpayers, when we are spending literally \$3.7 to \$3.8 trillion every single year, to at least let them know how we are going to spend their money. We have not done a budget in 777 days.

I serve on the Budget Committee. We have not had a markup. There is no indication we will have a markup. There is no indication we are going to do a budget. We have already blown past all the deadlines the law requires when it comes to doing a budget. We didn't do a budget in the last Congress. I think what that does is it makes it even more complicated to address these issues. If you do not have an overall framework, if you do not have a construct or understanding of what it is going to take to get our books back in order, then it is going to be very difficult.

Sometimes around here we do not have enough teeth in the laws we pass when it comes to budgeting. We do not have enough enforcement mechanisms. I am proposing provisions in the budget reforms to add enforcement mechanisms to cure that. But even with that, you at least have to have a plan. You at least have to have a blueprint, a path for how you are going to spend \$3.7 trillion of the American taxpayers' money.

I urge my colleagues, the majority, to put forward a budget. At least let's debate it. Let's talk about priorities. Let's have a debate, debate amendments, but let's do a budget or reform the budget process along the lines I suggested so we get a process in place that enables us to make some headway, to make some progress toward dealing with this runaway debt and these runaway deficits that are going to not only crush our economy in the near term but put an unfair burden on future generations of Americans.

Right now, the things most Americans are worried about are spending, debt, jobs, the economy, and they are all connected. The level of spending and debt is something that needs to be gotten under control to get the economy growing and prospering again, so you don't have the Federal Government out there competing with the private economy when it comes to capital. Small businesses need capital to invest to create jobs. When the government is crowding that out, it makes it more difficult. There are so many adverse economic implications from the debt levels we are sustaining today that are going to make it increasingly difficult, the longer we stay deeper and deeper in the red, for this economy to recover and grow. That is fundamental to all this.

When it comes to jobs and the economy, we also have to have policies that

encourage economic growth. I know the President talks a lot about jobs and the economy. He certainly is rhetorically, at least I believe, saying the right things out there. But you have to have actions that are consistent with the rhetoric. If you look at the President's record, we have not seen that. The reason we have not seen that is because the policies are all adverse to economic growth and job creation, whether it is regulations coming out of agencies, whether it is the new mandates imposed by the health care reform bill, whether it is the out-of-control spending and debt and no attempt to address the long-term challenges we face there, particularly entitlement reform, whether it is the new taxes that have been imposed through the legislation that has been enacted since this President has come into office. But if you look at the economic record, if you look at unemployed Americans since this President took office, we have almost 2 million more unemployed Americans. The unemployment rate has gone up 17 percent. Fuel prices, which impact everybody's pocketbook in this country, since this President took office, have gone up by over 100 percent, over a 100-percent increase in the price per gallon of gasoline since this President took office. The debt has gone up 35 percent. The debt per person in this country has gone up \$11,000 per person. That is the amount the debt has increased since this President took office. Food stamp recipients are up 39 percent. Health insurance premiums—despite the promises of what health care reform would do to lower insurance premiums—health insurance premiums have gone up 19 percent since this President took office. The only thing that has gone down since he took office is home values. Home values are down 12 percent. That is the economic record. That is the composite record. Of course, we can all say things, but we have to be judged by what we do. We cannot judge people by what they say. We have to judge them by what they do.

I hope the President will decide it is time for him and for his administration and for his leadership to focus on policies that will be conducive to economic growth, that will enable that, rather than make it more expensive and more difficult to create jobs, which are the policies that are being employed by this administration. That applies to so many areas. It is developing domestic energy resources, so we can get more American supply of energy and start driving that price down. So many areas are off-limits. Even more have gone off-limits since this President took office. It means getting trade bills enacted. We have heard now for several years the President talk about how we need to pass the Colombia, Panama, and South Korea Free Trade Agreements. Yet they languish. They have not been submitted to us. We are ready to act. We have said repeatedly these are important to our economy.

I have used this example on the floor before, but just one brief data point for agriculture. I represent an agricultural State, so we are always looking for opportunities to export. In wheat, corn, and soybeans exports, we had an 81-percent share of the Colombia market in 2008. In 2010, that had dropped to 27 percent. We have literally been locked out of that market because this free-trade agreement has languished in Congress and, as a consequence, other countries have stepped in to fill the void. Now you have the Canadians, the Europeans, the Australians stepping in and picking up the slack and we continue to lose more and more market share, which means more and more lost jobs in the American economy. So it is about trade policies, tax policies, energy policies, regulatory policies and spending and debt. Those are the things, in my view, that will get this economy back on track, start creating jobs, create a better and brighter and more prosperous future for future generations of Americans. Unfortunately, the policies being employed by this administration are making it worse, and at least according to this economic record, much worse. We can do better. We should do better by the American people, and I hope we will find the political will to do that.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Connecticut.

MEDICARE REFORM

Mr. LIEBERMAN. Mr. President, I rise to speak about the fiscal crisis facing our country and specifically the dire financial situation of Medicare, which is a program that matters so much to tens of millions of senior Americans but also adds so much to our national debt. I wish to talk about some ideas I have about how we might effectively deal with this problem in Medicare, particularly, without doing away with the Medicare Program because I believe in it.

If I can start on a broader level, briefly. It is hard to find anybody in Congress in any party who does not acknowledge that our Federal Government is hurtling toward the edge of a financial cliff. We are now running deficits in this year of over \$1 trillion. That means we are spending \$1 trillion more than we are taking in so we have to borrow that money, and at some point we are going to reach a level of borrowing that is unsustainable. It will send our economy hurtling down, will bring us into another great recession, will compromise our ability to provide the security and services to the people of our country that it is our responsibility to provide. To avoid that horrific result, we have to show some responsibility and work across party lines to get some things done. None of this is easy.

Almost everybody will say we have a terrible financial problem in the Government, debt, deficit, but when you

get to the solutions, there has been an outbreak of what I call Federal Government NIMBYism. Everybody talks about NIMBY at the State and local level—Not In My Back Yard; this is a great program, but I do not want it in my neighborhood. The Federal Government budget crisis we are in, NIMBYism seems to be not my program or not my favorite tax credit. You can cut other stuff but not what I am in favor of.

We have one group saying no tax increases whatsoever, even indirect through the elimination of tax credits, which is spending money, and tax credits can be as wasteful an expenditure of the taxpayers' money as a wasteful spending program can be. On the other side, we have people saying: Not my program. You cannot touch it. You cannot even try to make it more efficient. It is just too good or it is too politically popular or whatever. If we keep going down that road, we are not going to get anything done.

The main hope of our result in the next couple months is the small bipartisan, bicameral leadership group that is being presided over by Vice President BIDEN. I think anytime any of us comes out and says: No, we cannot do this, we cannot have a tax increase of any kind, we cannot even eliminate wasteful tax credits, and on the other side people say, we cannot touch Medicare, for instance, it, one, shackles the hands of Vice President BIDEN as he tries to solve this problem, and it also means, more generally, that we are not fulfilling our responsibility. That is the case with Medicare. The fact is, those who say you cannot do anything with Medicare, just will not support it, are not doing a favor to the Medicare Program.

Congressman PAUL RYAN, in the House, put forth his own budget, including a Medicare reform program. I said when he did it, I want to look at it in more detail, but I gave him credit to put something so comprehensive out because it is going to take that kind of guts by all of us to save our great country from going over the edge of the cliff, from going into permanent decline, from making it impossible for our children and grandchildren and beyond to have the opportunities we have had.

When I looked at the Ryan plan, particularly on Medicare, I decided I was not for it. When it came to the Senate, I voted against it. That was the case, generally, when it came up in the Senate and the vote on the Ryan budget. But one cannot just stop there and say no, which is a popular vote on a Medicare reform proposal. I think any of us responsibly have to then come forward with our own ideas. That is why, last week, I indicated in a newspaper op-ed column that I would be putting some proposals forward that will save Medicare, that will protect Medicare as a Government program of health insurance for senior Americans but will change the program. Anybody who